DECLARATION OF CYNTHIA H. AUGUSTINE

### DECLARATION OF CYNTHIA H. AUGUSTINE

I am the President of The New York Times Broadcast Group. I am responsible for operations of eight television stations and two radio stations licensed to subsidiaries of The New York Times Company ("The Times"). Our television stations are located in Memphis, Tennessee; Scranton, Pennsylvania; Moline, Illinois; Huntsville, Alabama; Fort Smith, Arkansas; Norfolk, Virginia; Des Moines; Iowa and Oklahoma City, Oklahoma. Our radio stations are located in New York City, where their common ownership is "grandfathered" from a time prior to adoption of the newspaper/broadcast cross-ownership rule. The Times also owns The New York Times newspaper, the Boston Globe newspaper, and 15 other newspapers in various regions of the country.

In a separate statement being submitted concurrently with this one, the General Manager of WQXR-FM, our New York City radio station, is providing detailed information concerning public benefits that are produced by common ownership of that station and <a href="The New York Times">The New York Times</a> newspaper in New York City. In another separate statement, the Publisher of the <a href="Sarasota Herald-Tribune">Sarasota Herald-Tribune</a>, a daily newspaper owned by The Times, is providing additional information as to how joint operation of that newspaper and a local 24-hour cable news channel serving much of the newspaper's market has enabled the <a href="Herald-Tribune">Herald-Tribune</a> to provide a far better cable news service than would have been possible without joint ownership of the newspaper and the cable news channel.

Under the present rules, we are not permitted to own any newspapers within the Grade A contours of our eight television stations, nor may we acquire a television station placing a Grade A signal over any community in which The Times publishes a newspaper. We have, however, attempted to enter into cooperative arrangements with non-owned newspapers and cable systems in several of our television markets. For example:

In the Moline-Rock Island Davenport television market, we cooperate with the Small Newspaper Group, which publishes one of the two largest daily newspapers and one weekly newspaper in the Quad-Cities area. Our station and the newspaper share news budgets and story lists, undertake joint news and public service projects, and utilize each other's reporters for news gathering, writing and (to a limited extent) news presentation. This type of cooperation produces tangible public benefits. Joint projects of the newspaper and our station have included, for example, the award-winning "To Russia With Love," a series covering Quad City visitors to Russian orphanages; "Corn or Concrete," also award-winning, in which the advantages and disadvantages of economic development and expansion in previously rural areas were explored; and "The Great American Toy Test," a series that helped parents rate the quality of new toy offerings near the holidays.

In Oklahoma City, our television station, KFOR-TV, operates under a similar informal news sharing and cooperation arrangement with <u>The Journal Record</u>, the metropolitan area's business publication of record, and another newspaper under the same ownership that serves the Tinker Air Force Base.

For example, KFOR-TV produces a business segment for its morning news broadcasts each weekday utilizing content from <u>The Journal Record</u> and each the newspaper and station cross-promote each other. We have similar sharing arrangements with other area newspapers for specific types of information such as weather.

Most recently, our Memphis station, WREG-TV, has entered into a trial broadcast/ print/web convergence partnership with <u>TheCommercial Appeal</u>, a Memphis daily newspaper. Under this agreement, the station and newspaper will share news reports, features and certain special projects. The newspaper will, for example, work with the station to provide columnists and journalists for inclusion, where appropriate, in WREG-TV newscasts, and the station will use its weather news resources to provide content for <u>The Commercial Appeal</u>.

In the Memphis, Fort Smith and Scranton television markets, our stations have entered into agreements with local cable operators under which the stations program 24-hour cable news channels:

-- In Memphis, the cable news channel rebroadcasts the news programming of our station, WREG-TV, and also broadcasts live, breaking news events and emergency weather information originated on WREG-TV. The cable news channel creates some original programming, such as town hall meetings on education funding and reform, live viewer forums on education, political debates, programs dealing with energy conservation and with children's issues, and local sports and consumer

programming. The cable news channel also translates WREG-TV's early local news into Spanish for the growing Hispanic population in Memphis.

-- In Fort Smith, station KFSM-TV has provided a 24 hour local news cable channel since 1996. The cable news channel is used primarily to provide time diversity for KFSM-TV's newscasts. On occasion, however, the cable news channel provides separate programming. During the recent election campaign, for example, the news channel broadcast two live political debates between candidates for a vacant Third District congressional seat at a time when KFSM-TV was carrying CBS network reports surrounding the recent terrorist attacks.

-- Our station in Scranton also operates a 24 hour news channel carried by the Adelphia cable systems, which serve approximately 15% of the market's television households. It is devoted primarily to simultaneous and repeated newscasts originated at our station, WNEP-TV, continuous local weather information in one quadrant of the screen, local public service announcements in another quadrant of the screen, and occasional original news programming. This service is provided pursuant to a cable retransmission consent agreement that expires August 31, 2002.

We shall continue to develop cooperative arrangements such as those described above where that is feasible and we shall continue to work with our existing partners so that we can each provide the best service possible to the public in the markets in which we have existing arrangements. There are,

however, substantial constraints on the service we can provide under such unrelated third party arrangements.

First, all such arrangements are either informal or time-limited pursuant to specific contractual agreements. (Some of the arrangements exist under retransmission consent agreements with cable operators.) Under such conditions, we are limited in the resources we can prudently commit on a long-term basis and in the long term strategic planning we can do to maximize the service we will provide. Our Sarasota cable news channel, for example, has taken six years to reach a point at which we believe it will be profitable next year. We could not do what we have done there under a short-term agreement.

Second, none of our existing arrangements permits us to provide additional or enhanced services to an entire television market. The Memphis cable news channel, for example, is carried in fewer than one-third of the television households in the Memphis DMA.

Third, technology can be a difficult problem when two independent organizations seek to operate cooperatively. Today's television and newspaper news rooms both operate with highly sophisticated and expensive electronic infrastructures. It can be very difficult for two separate business entities with differing strategy for capital investment to agree on the particular investments to be made in their separate news rooms, particularly under short-term cooperation agreements. The electronic exchange of pictures and text news materials has been a constant struggle in newspaper/television convergence efforts.

Finally, but not least, different companies inevitably operate under their own unique cultures and internal standards. Even assuming the best of will on the part of each party, joint operations on a day-to-day basis under these conditions present inevitable difficulties, particularly when there is no clear agreement that one party to an arrangement is to have primary responsibility for a news operation.

At The New York Times Broadcast Group, we believe strongly that common ownership of a newspaper and television station in the same market will permit both the station and the newspaper to provide a significantly enhanced service to the public. Our experience in New York with WQXR and our experience in Sarasota (where our newspaper has sole responsibility for a cable news channel serving a very large portion of the newspaper service area) has shown us that joint ownership does indeed result in real benefits to the public. In New York, our newspaper permits WQXR-FM to provide the many additional program features described in Mr. Bartunek's separate Declaration. In Sarasota the combined resources of the Herald-Tribune and our cable channel staff enable us to deliver a superior local cable news channel service that is relied on by cable viewers as a primary news source, as described in Ms. McFarlin's separate Declaration.

The same synergies and efficiencies should be achievable in our television markets and in The Times's other newspaper markets. Using the combined staffs of a newspaper and a television station, we will not only be able to increase our joint news gathering capacity, but to optimize our use of

the unique attributes of each medium -- a newspaper's in-depth news gathering resources, including a greater number of specialist reporters and its ability to present news in far greater detail, and the mass audience reach and special visual appeal of television. In addition to this more efficient use of combined resources, we would also have the ability to do coordinated long-term planning; we could have coordinated compatible technology; and we would share a common internal culture. Taken together, these factors will permit both our television stations and our newspapers to do a better job than either could alone in fulfilling their common essential mission, which is to provide the highest possible news and information services to their viewers and readers. We look forward, for example, to a time when we may be able to provide a 24hour local news service as one portion of the digital transmission services that each of our stations will provide to its entire DMA.

Cynthia H. Augustine

Mev. 27,2001

Date

STATEMENT OF JAMES BELOYIANIS

## STATEMENT OF JAMES BELOYIANIS

I am the President of Katz Television Group, a subsidiary of Katz Media Group. The Katz Television Group is a "national spot rep" for television stations, which is to say that we are in the business of selling national spot advertising for a number of different television station clients. National spot advertising consists of spots national advertisers place directly on local television stations, as contrasted with other national television advertising that advertisers buy on television or cable networks. Other Katz subsidiaries sell national spot advertising on radio and on cable.

I joined the Katz organization in 1973 and have been a television national spot rep for Katz continuously since then. I thus have twenty-eight years of day-to-day experience in selling television national spot advertising. One of our clients is The New York Times Broadcast Group, which operates eight television stations. Other television clients include a majority of the stations owned by Hearst-Argyle and by Scripps-Howard.

In seeking to sell national spot advertising for specific television stations, we compete for advertising dollars primarily with television and cable networks, to a much lesser extent with radio networks and stations, to a small extent with Internet advertising, and, of course, we compete with those seeking to sell national spots for other television stations. In my experience, I have never been in a situation in which I felt that I was competing with newspapers for national advertising dollars.

To the extent national advertising is placed in newspapers, that advertising comes from totally separate budgets from the budgets national advertisers have for television advertising. I believe that this reflects different objectives advertisers hope to achieve through these different media. Television is best at depicting sight, sound, motion and feelings and for conveying striking visual images. Newspaper advertising, on the other hand, has greater residual value and can offer far more detail concerning products and pricing. An advertiser using these two forms of media can thus appeal to the same audience in complementary ways or may seek to reach the somewhat different audiences who comprise television viewers and who comprise newspaper readers. Whatever the reason, my consistent experience has been that it is not a productive use of our time on the national level to try and divert newspaper advertising dollars to national spot television.

James Belovianis

(Date)

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DECLARATION OF KENNETH A. SOSSAMAN

#### DECLARATION OF KENNETH A. SOSSAMAN

I am the President of Sossaman & Associates, which is one of the largest advertising agencies in Memphis, Tennessee. My agency has been in existence for 14 years. It is engaged in the business of helping clients plan their media strategies and in purchasing advertising time and space for clients in various types of media, including television broadcast stations, newspapers, radio stations, cable and outdoor advertising. Our focus varies with each client with some utilizing Memphis media, some utilizing regional media and some advertising nationally. On behalf of our clients, we have purchased advertising on television stations in Memphis, including WREG-TV, a station owned by the New York Times Company. I have personally been in the business of advertising and planning media strategies and buying media for advertising clients for over 25 years.

I've been asked to explain how, in my experience, advertisers determine the allocation of their advertising budget among different media, and particularly as it applies to television stations and newspaper.

My experience has shown the best way to achieve a client's objectives is to analyze each media and purchase advertising that will best reach the target audience for the least amount of dollars. When we establish a plan and ultimately purchase advertising in each medium, we judge television and newspaper on specific strengths and efficiencies of each. We consider the following:

designated market area. (DMA). This area will receive good penetration of the television signal and on cable systems. A central city newspaper may also reach many portions of the DMA, but there are also many competitive newspapers serving specific counties or cities in the DMA that compete directly with a central paper. A local Memphis store that only trades with Memphians will get less waste with the newspaper, but we must consider the target audience before eliminating TV. Similarly, a small business serving an outlying community or a candidate for office in a community comprising only a small portion of a DMA may do better with an outlying local newspaper or radio station. Each client's objectives will help us identify the best use of media dollars.

### Cost Efficiency:

Cost efficiency can be calculated by dividing the cost of an advertising buy by the audience it reaches to obtain a cost per thousand (CPM) figure. This is the most accepted way of analyzing and comparing media. It is used more when comparing one TV station to another TV station than in comparing one medium to another. A newspaper CPM is somewhat deceiving, because a small ad has the same circulation as a large ad, but the cost differs greatly. That does not mean a larger ad should not be considered because it has a high CPM. The best CPM comparison for newspapers would be between two competing newspapers.

The advertising products being sold by the two different media are not the same and should be judged on the strengths of each. When an advertiser buys both newspaper and television advertising, this means

that it has been determined that both media are needed to reach the target audience of the advertiser. That combination would be enhanced by the use of combination packages that benefit both the media and the advertiser.

I declare under penalty of perjury that the foregoing statement is true and correct to the best of my knowledge and belief.

Kenneth A. Sossaman

Date: 1//26/0

DECLARATION OF MAUREEN A. O'CONNOR

## DECLARATION OF MAUREEN A. O'CONNOR

I am the General Sales Manager of television station WREG-TV, Memphis,
Tennessee, which is owned by a subsidiary of The New York Times Company. I
have held that position for three years. Prior to that, I had sixteen years of
experience in newspaper advertising at The New York Times. There, I held a
number of positions including Director of the Long Island Regional Office, Manager
of Home Furnishings advertising, and sales representative in both the Long Island
and Connecticut territories. I thus have extensive experience in selling advertising
for both newspapers and television.

Newspapers and television stations each serve an advertiser's purposes in different ways. Television excels in image advertising, in showing products (automobiles, for example) in motion, and in speaking to the feelings of the specific, targeted, demographic audiences that watch specific television programs.

Newspapers offer more details – about grocery store specials, for example, or extensive price and model information for a local auto dealer, or about real estate offerings or employment opportunities. Department stores tend to advertise extensively in newspapers because they can display a wide range of products and a reader can have the pictures and prices of the products available from the ads for several days.

The larger advertisers tend to have distinct budgets for the different media – for television, for newspapers, for outdoor advertising, for radio, for cable, and also for indirect forms of promotions such as charitable contributions and public service

activities. While trade organizations (such as the Television Bureau of Advertising) attempt to promote the advantages of one medium over the other, individual television stations tend to compete primarily with each other in selling advertising. To the extent television stations try to compete directly with newspapers for advertising dollars that an advertiser has earmarked for print so as to reach different people or to deliver a message with different content, stations have not had much success. Our own focus in trying to create joint advertising offerings with newspapers has been to put together packages that will enable an advertiser to achieve different objectives with a single buy, and to focus on categories of business that neither a newspaper or a television station has been successful in developing individually, such as combined newspaper/television campaigns appealing to senior citizens or advertising an upcoming event.

I declare under penalty of perjury that the statements above are true and correct to the best of my knowledge and belief.

Maurien a. O'Connor

Maureen A. O'Connor

<u>//- 2 7 - 0/</u>
(Date)